monitored by Government and whether any complaints have been received against them and if so, the details thereof?

THE MINISTER QF STATE IN THE MINISTRY OF. FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Insurance Regulatory and Development Authority (IRDA) has informed that they have registered 17 Indian insurance companies for commencing insurance business in India. Except for Reliance General Insurance Company and Reliance Life Insurance Company, all other Indian Insurance companies have entered into joint-venture with foreign companies.

(b) Three applications are pending with IRDA for registration.

(c) Applications for registration are processed under relevant provisions of the Insurance Act, 1938 and IRDA (Registration of Indian Insurance Companies) Regulations, 2000 and other regulations notified by IRDA from time to time.

(d) IRDA monitors the performance of insurance companies on the basis of various returns such as accounts, investments, re-insurance, appointment of key personnel etc. No complaint has been received by the Government against the companies so far registered by IRDA.

Asset Reconstruction Corporation of India Limited

1713. SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have asked all the public sector banks to contribute towards the initial equity for Asset Reconstruction Corporation of India Limited;

(b) if so, the names of the banks which have already contributed to ARC and amount deposited by each bank;

(c) whether Government have chalked out the areas/States which are to be given priority of allocation of funds from ARC;

(d) if so, the details thereof; and

(e) the criteria adopted by Government in selecting the areas or States where funds from ARC will be invested?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Public sector banks have been requested to consider contributing towards the initial equity for the proposed Asset Reconstruction Company of India Limited. Many of them have given their consent to contribute their equity share. However, the amount of their share can be deposited with the ARC only after it is actually set up.

(c) No, Sir.

(d) and (e) Do not arise.

Conversion of loans of sick companies into equity

1714. SHRI P.N. SIVA: Will the Minister of FINANCE be pleased to state:

(a) whether the Financial Institutions have now made it a convention to convert all loans of large sick companies into equity;

(b) if so, whether such a policy has been cleared by Government;

(c) if so, the extent to which such a policy has a negative impact on the Financial institutions; and

(d) the steps proposed to be taken to review this decision?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir. The financial institutions have not made it a convention to convert all loans of large sick companies into equity. However, where considered necessary to rehabilitate/restructure the liabilities of the company, keeping in view the long term/potentially viability, in certain cases, part of loans of sick companies are converted into equity with the approval of their Boards and BIFR, wherever the latter is also involved.

(b) to (d) Does not arise.